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CITY DEAL

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Responsible Cabinet Members - Councillor Bill Dixon, Leader  
Councillor Chris McEwan, Economy and Regeneration Portfolio

Responsible Director - Richard Alty, Director of Place

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SUMMARY REPORT

**Purpose of the Report**

1. To consider the principles set out in the attached proposal for City Deal, and agree delegated authority to the final submission.

**Summary**

2. Members will be aware that Tees Valley was invited to apply for a second wave City Deal which initially was to be judged on a competitive basis. This followed the conclusion of first wave City Deals by the Government with the eight 'Core Cities' including Newcastle, Manchester, Leeds, Sheffield and Liverpool in the North.
3. Approval was given by the 5 Boroughs and Tees Valley Unlimited's Leadership Board to progress a bid for a City Deal and the final Expression of Interest is attached as **Appendix 1**. In the event the Government decided that all 20 applicants should proceed through to detailed negotiations with the relevant Government Departments coordinated by the Cabinet Office.
4. For several months these negotiations have been taking place on the content of a City Deal which would deliver in some measure our economic plans primarily the Statement of Ambition. An emerging draft submission is now about to be discussed with Ministers.

**Recommendation**

5. It is recommended that :-
  - (a) That Cabinet approve the proposal as it is currently set out in the attached slides (**Appendix 2**); and
  - (b) Give delegated authority to the Director of Place, in consultation with the Leader and the Cabinet Member for Economy & Regeneration, to agree the

final submission prior.

## **Reasons**

6. The recommendations are supported by the following reasons:-
  - (a) City Deal provides a means by which the Tees Valley can influence the investment decisions of Government as well as acting as a lever to help secure monies from other funding pots. Specifically for Darlington this has the potential to further our own economic regeneration goals in line with the Darlington Economic Strategy.
  - (b) Darlington has the potential to benefit from supply chain opportunities generated through the development of a super cluster.

**Richard Alty**  
**Director of Place**

S17 Crime and Disorder	The City Deal application has no impact on crime and disorder.
Health and Well Being	The City Deal application if successful would mean that more local people have the opportunity to find employment. Research has indicated that general health and well-being can improve if people are employed.
Carbon Impact	There are no carbon impact implications in this report.
Diversity	The Expression of Interest will incorporate existing strategies and actions that have already been assessed at a high level under the Equalities Act 2010. More assessment will be carried out as part of the normal project management processes for scheme delivery.
Wards Affected	All wards
Groups Affected	N/A
Budget and Policy Framework	The report does not change the Budget or Policy Framework
Key Decision	This is not a key decision
Urgent Decision	No
One Darlington: Perfectly Placed	Facilitating the economic growth of the Borough using freedoms and flexibilities offered through City Deal status fits within the Perfectly Placed priority and the policy context surrounding the local economy.
Efficiency	Not applicable

## MAIN REPORT

### Information and Analysis

7. Before setting out the current content of the proposition to be put forward by our area, it is worth emphasising that the City Deal negotiations and outcome are only one element of a range of initiatives that are available to the LEP and its partners to generate the growth that the economy needs. It is important to acknowledge this to avoid raising expectations about the impact that the initial City Deal might have.
  
8. Indeed in terms of Government allocation of resources more is likely to be available under the Local Growth Fund and of course the European Structural Funds for 2014 onwards with possible match coming from Government Departments via 'Opt-ins'. Currently both a Local Growth Plan and a European Growth Plan are being developed for submission to Government in draft form in October and these will set out what growth we are seeking and how it is to be achieved over the next 10 years.

9. Nevertheless it is clear that securing a City Deal is of importance to the area for several reasons namely:
  - (a) It creates a direct and long term relationship with Government and key Departments
  - (b) It helps to cement an understanding and acceptance by Government of our objectives for growth and more importantly the means to achieve them which will help in securing monies from the Local Growth Fund
  - (c) It makes match funding from Government Resources for the European Structural Funds much more likely.
  - (d) It places the Tees Valley firmly in the 'cities' category which future Governments of whatever colour are likely to use as engines of growth.
  - (e) It gives us access to pilot programmes to tackle specific issues.
10. For these reasons it is considered that securing a City Deal is worth pursuing and that its content has to be seen in context about positioning for the future and not immediate benefit.
11. Turning now to the content of our proposal, attached here as **Appendix 2** are slides which set out what we would like and the rationale for them together with what the local area is prepared to do/commit. Again it must be stressed that not all of these elements are likely to be agreed by the Government following debate and scrutiny by the Ministerial Panel.
12. After a description of our vision, the first two elements of our proposal concern the establishments of a world class integrated carbon efficient industrial sector with new complementary 'green' industries. This aligns with Ambition 1 of the Statement of Ambition building upon our existing industrial strength. It offers the Government the prospect of a globally important location that will help other advanced manufacturing sectors such as aerospace and automotive to become even more competitive.
13. To achieve this we need to attract substantial private sector investment which will only happen if we and the Government can provide certainty on planning, preferred status for green industries, access to cheaper feedstocks via new exploitation of natural resources and continuing financial incentives to would-be occupiers.
14. Secondly we envisage helping our existing industrial activities to become more efficient and competitive by tackling aspects such as carbon emissions via the formulation and implementation of a Low Carbon Action Plan.

15. In accordance with Ambition 2 we are seeking to deal with the shortage of private sector jobs in the economy by establishing a Growth Hub that will signpost companies to specialist advice/expertise to help their businesses grow. It will also specifically accelerate growth for those companies that display the attributes of a high growth company.
16. In addition there is a specific proposal to establish an Open Technology Centre that will support the 'commercialisation' of new products and processes. The centre will de-risk activities and help companies grow faster together with a link-up with academia to provide Industrial Doctorates in engineering. Our ask of Government is that the centre be designated as part of the Advanced Manufacturing Catapult to enable it to draw down resources from the Technology Strategy Board.
17. Our skills ask has been developed in partnership with the FE Colleges and tries to free up some of their budgets to tackle specific issues arising here in the Tees Valley. It would be fair to say that this element represents perhaps one of the most challenging for Government given its national policies on these matters.
18. Finally we are seeking a series of infrastructure/communication 'asks' to underpin our proposals by providing good quality access via road, rail, air and sea. Again the Government thus far have been reluctant to accept these within the City Deal process as they argue that they can be achieved via other means. However at the very least they highlight to Government how important these elements are to us and may influence the pressure they can bring to other processes.

## **Governance**

19. Within the slides are the commitments that the area would agree to if the Government accepts the 'asks'. In addition the Government has been keen to see the governance arrangements between the LEP and the local authorities strengthened to give more certainty to the longer term delivery of the economic strategy/City Deal.
20. Here in the Tees Valley we already have an arrangement which reflects well the excellent relationships that exist between the local authorities themselves and between the public/private sectors as evidenced by the performance of Tees Valley Unlimited, the LEP. Having said this it is clear that strengthening could be beneficial if it enables decision making particularly in respect of deployment of resources such as the Investment Fund or Growing Places monies to be less complicated and time consuming.
21. To achieve this, an indication has been given that all structures including a combined authority would be considered for the future. However our vision is that such new arrangement including a combined authority must build on our existing strengths and not detract from them. So we would

only be happy with a new structure if it:

- (a) Enabled the functions in question i.e. economic development, transport and communications and skills to be delivered by a single organisation thereby avoiding duplication, confusion and extra administrative cost
- (b) Retained the private sector at the heart of shaping the economy and its growth
- (c) Enhanced speedy decision-making reflecting the need to be fleet of foot

### **Timetable**

- 22. Minister (Greg Clark) Challenge Session on 17<sup>th</sup> October
- 23. Final deadline for submission on 23<sup>rd</sup> October
- 24. Local Growth Working Group (Panel of Ministers) on 6<sup>th</sup> November
- 25. To accommodate this we are seeking agreement via this report from each of the Boroughs by 8<sup>th</sup> October to the principles set out in the proposal and delegated authority as appropriate to the final submission before 23<sup>rd</sup> October.
- 26. As indicated above the submission will be in the form of a 20 page document that will be based on the slides attached to this report. The need for delegated authority is because the content is likely to change to some degree after the Challenge Session and prior to 23<sup>rd</sup> October.
- 27. TVU's Leadership Board will have a special meeting on 3<sup>rd</sup> October to approve in principle and give delegated authority to the Chair and Managing Director to finalise submission post the Challenge Session.

### **Financial Implications**

- 28. A City Deal for the Tees Valley should mean that:
  - (a) Central Government is not finding new money to hand to City Deal areas, rather it is top slicing existing budgets, and allowing decisions on how the money is spent to be taken locally, rather than in London.
  - (b) If successful, Government would intend that the Tees Valley Councils find it easier to borrow money against the future income that they (the Councils) generate from a project.
  - (c) further ways of attracting private sector investment become possible. Any growth in the local economy will be of benefit to local people through increased employment opportunities and will also bring benefits through the increased business rates being received by the Council.

## **Legal Implications**

29. The governance arrangements for the City Deal will use those already in place for TVU who are a voluntary public/private partnership with Stockton-on-Tees Borough Council, acting as the accountable body with a legal agreement in place with the other Tees Valley Councils, but could be developed and change as set out in paragraphs 20 to 22 above.

## **Consultation**

30. An engagement process, led by TVU, has been on-going with business organisations.

## **Outcome of Consultation**

31. The proposals have support of business organisations to date and the ongoing engagement process will seek to maintain the situation.